

# 2013 Business Formations in Missouri



## Top Ten Business Formations

*Social Assistance/Private Household* employers accounted for 34 percent of all formations and include services such as in-home caretaking and cooking. *Professional, Scientific & Technical Services*, which include engineering and scientific services, legal and accounting firms, and information technology services, accounted for 12 percent of all the formations. Below is a list of the top ten industries for new business formations:

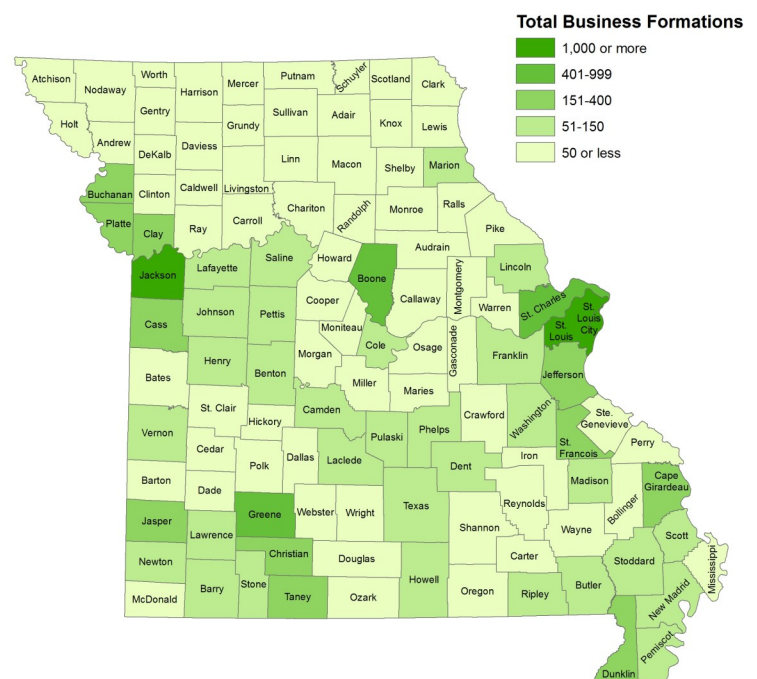
1. Social Assistance/Private Households
2. Professional, Scientific, and Technical Services
3. Administrative and Support Services
4. Wholesale Electronic Markets, Brokers and Agents
5. Food Services and Drinking Places
6. Specialty Trade Contractors
7. Construction of Buildings
8. Ambulatory Health Care Services
9. Real Estate
10. Repair and Maintenance

New businesses bring industry diversity and job growth to a state and are major engines for economic growth. Research has shown a positive relationship between levels of entrepreneurial activity and economic growth across counties.

## 17,109 Business Formations

Missouri had 17,109 new business formations in 2013, an increase of 7.1 percent from the 2012 total of 15,969 and an increase of 11.6 percent from the 2011 total of 15,328. Formations occurred in every Missouri county but were led by the metropolitan population centers of St. Louis, Kansas City and Springfield. Over 55 percent of Missouri counties had an increase of new business formations over the previous year's total. Six counties more than doubled the number of single year start-ups from 2012 to 2013 which include: Audrain, Dallas, Ozark, St. Clair, Saline, and Scotland.

## 2013 New Businesses by County



## New Business by Industry

The chart below shows, by count, the top ten industries for new business formations in Missouri. The top three industries have all seen at least two straight years of growth. *Construction of Buildings* was the only industry to see growth in 2013 after a previous declining trend. *Administrative and Support Services* had a four year growth trend. *Professional, Scientific, and Technical Services* and *Real Estate* had three year growth trends. *Ambulatory Health Care Services* and *Wholesale Electronic Markets and Agents and Brokers* had two year growth trends. *Private Households/Social Assistance* includes the subcategory of Home Healthcare Services, which makes up 80% of the combined industry sector, has a two year growth trend.

### Top Ten New Business Formations by Industry Sector



## Regional Distinctions

*Health Care*, *Private Households*, *Professional, Scientific and Technical Services*, *Construction*, and *Food Service and Drinking Places* were the top categories for new formations across state economic regions. Some industry distinctions, however can be drawn between the regions.

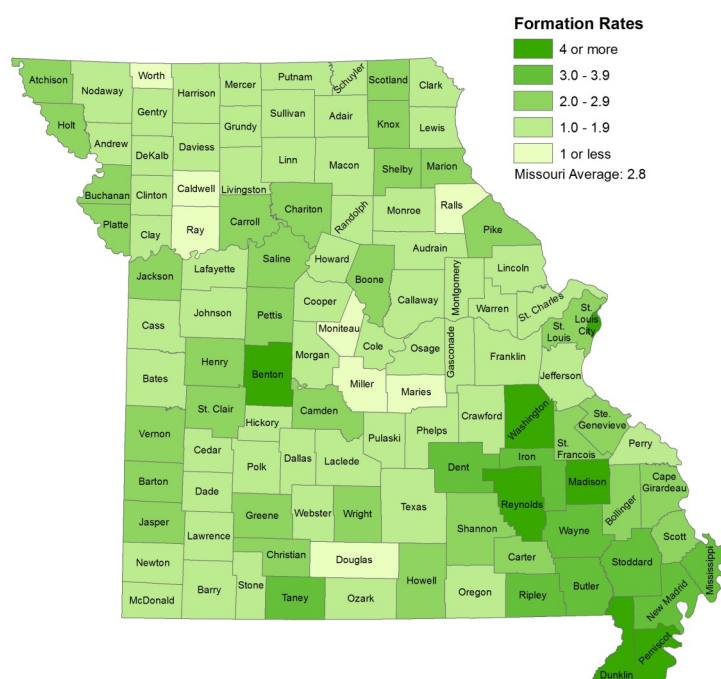
*Health Care* accounted for a disproportionate share (57.2%) of new business formations in the West Central region compared to all other regions. The Upper South Central region had a larger share (3.8%) of *Manufacturing* start-ups compared to a range of 0.7 – 2.9 percent for all other regions. Likewise, 6.6 percent of all new businesses in the Lower South Central region were in *Transportation and Warehousing* compared to a range of 2.2 – 5.4 percent for all other regions. The North Central region had nearly triple the percent of 2012 new businesses started in *Agriculture* (5.9%) than most other regions who ranged 0.2 to 2.8 percent. North Central (11.8%) and Central (11.6%) regions had the largest share of *Construction* start-ups compared to the a range of 4.0 – 11.4 percent in all other regions. Greater St. Louis, which saw 40.4 percent of all 2013 new business formations in Missouri, had larger shares of *Professional, Scientific and Technical Services*, *Health Care*, and *Finance and Insurance* business formations.

## Formation Rates Show High Activity in Southeast Missouri

Total business formation tends to be highest in urban areas that have high population density. The map below shows new business starts per 1,000 people for each county in Missouri. This map shows business growth as standardized by population, making it possible to identify rural counties with high business growth.

The statewide average new business formation rate of 2.8 increased 0.1 percent during 2013, and continues a trend of annual growth. The counties of Southeast Missouri continue to show a higher business formation rate than the rest of the state. 11 counties increased their 2013 business formation rate by one or more percent over their 2012 rate. The 11 counties include: Benton (4.3), Scotland (2.7), St. Clair (2.1), Reynolds (2.6), St. Louis City (4.5), Carter (2.6), Vernon (2.6), Saline (2.2), Barton (2.3), Ozark (1.8), and Henry (2.8).

### New Businesses Per 1,000 in Population



The Missouri Economic Research and Information Center (MERIC) monitors new business formations through unemployment insurance accounts established in the state. This allows MERIC to gauge the number of new, non-farm businesses by industry and county detail.

Business data is derived from the Quarterly Census of Employment and Wages, a cooperative program between the Bureau of Labor Statistics and state labor market information centers, that monitors employing businesses.

Non-employer businesses, such as sole proprietors, are monitored through a U.S. Census program that uses administrative data, chiefly IRS returns, to develop statistics. Non-employer businesses account for less than 4 percent of all sales but do account for the largest number of businesses. More information is available at:

[www.census.gov/econ/nonemployer/](http://www.census.gov/econ/nonemployer/)

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